



Title: I, Payroll/Personnel Manual

Chapter: 28, Section 2, Tax Formulas (TAXES)

Bulletin: TAXES 06-22, New Mexico State Income Tax Withholding

Date: June 5, 2006

To: Holders of TAXES (State of New Mexico only)  
Personnel User Groups  
T&A Contact Points in New Mexico

Beginning with wages paid for Pay Period 11, the National Finance Center (NFC) will make the following changes to the state of New Mexico income tax withholdings:

- The exemption allowance will increase from \$3,250 to \$3,350.
- The Single or Head of Household and Married withholding tables will change.

No action on the part of the employee or the personnel office is necessary.

To view the updated tax formula, go to NFC's Home Page ([www.nfc.usda.gov](http://www.nfc.usda.gov)) and click **Pubs & Forms**. Then on the Pubs & Forms page left-hand menu, click **Tax Formulas** and select the appropriate state from the map provided. Changes to the tax formula are identified by "►◄".

For questions about NFC processing, contact the Payroll/Personnel Call Center at **504-255-4630**.

MARK J. HAZUDA, Director  
Government Employees Services Division

# New Mexico State Income Tax Information

<b>State Abbreviation:</b>	NM
<b>State Tax Withholding State Code:</b>	35
<b>Acceptable Exemption Form:</b>	None
<b>Basis For Withholding:</b>	Federal Exemptions
<b>Acceptable Exemption Data:</b>	None
<b>TSP Deferred:</b>	Yes
<b>Special Coding:</b>	None
<b>Additional Information:</b>	A state tax certificate is not required since Federal exemptions are used in the computation of the state formula.

## Withholding Formula ►(Effective Pay Period 11, 2006)◄

1. Subtract the nontaxable biweekly Thrift Savings Plan contribution from the gross biweekly wages.
2. Subtract the nontaxable biweekly Federal Health Benefits Plan payment(s) (includes flexible spending account - health care and dependent care deductions) from the amount computed in step 1.
3. Add the taxable biweekly fringe benefits (taxable life insurance, etc.) to the amount computed in step 2 to obtain the adjusted gross biweekly wages.
4. Multiply the adjusted gross biweekly wages times 26 to obtain the gross annual wages.
5. Determine the exemption allowance by applying the following guideline and subtract this amount from the gross annual wages to compute the taxable income.  

$$\text{Exemption Allowance} = \text{►\$3,350◄} \times \text{Number of Exemptions}$$
6. Apply the taxable income computed in step 5 to the following table to determine the annual New Mexico tax withholding.

### Tax Withholding Table Single or Head of Household

If the Amount of Taxable Income Is:		The Amount of New Mexico Tax Withholding Should Be:			
Over:	But Not Over:				Of Excess Over:
\$ 0	\$ ►1,800	\$ 0	plus	0.0%	\$ 0
1,800	7,300	0	plus	1.7%	1,800
7,300	12,800	93.50	plus	3.2%	7,300
12,800	17,800	269.50	plus	4.7%	12,800
17,800	and over	504.50	plus	5.3%	17,800◄

**Married**

**If the Amount of  
Taxable Income Is:**

<b>Over:</b>	<b>But Not Over:</b>
\$ 0	\$ ▶6,950
6,950	14,950
14,950	22,950
22,950	30,950
30,950	and over

**The Amount of New Mexico Tax  
Withholding Should Be:**

				<b>Of Excess Over:</b>
\$ 0.00	plus	0%	\$ 0	
0.00	plus	1.7%	6,950	
136.00	plus	3.2%	14,950	
392.00	plus	4.7%	22,950	
768.00	plus	5.3%	30,950◀	

7. Divide the annual New Mexico tax withholding by 26 to obtain the biweekly New Mexico tax withholding.